

<i>SERFF Tracking Number:</i>	<i>SAFC-125283261</i>	<i>State:</i>	<i>Arkansas</i>
<i>Filing Company:</i>	<i>American Economy Insurance Company</i>	<i>State Tracking Number:</i>	<i>AR-PC-07-026014</i>
<i>Company Tracking Number:</i>	<i>07-0008</i>		
<i>TOI:</i>	<i>05.2 Commercial Multi-Peril - Liability Portion</i>	<i>Sub-TOI:</i>	<i>05.2002 Businessowners</i>
	<i>Only</i>		
<i>Product Name:</i>	<i>BOP 07-0008</i>		
<i>Project Name/Number:</i>	<i>Independent Form Filing - Businessowners/BOP 07-0008</i>		

Filing at a Glance

Company: American Economy Insurance Company

Product Name: BOP 07-0008	SERFF Tr Num: SAFC-125283261	State: Arkansas
TOI: 05.2 Commercial Multi-Peril - Liability Portion Only	SERFF Status: Closed	State Tr Num: AR-PC-07-026014
Sub-TOI: 05.2002 Businessowners	Co Tr Num: 07-0008	State Status:
Filing Type: Form	Co Status:	Reviewer(s): Betty Montesi, Llyweyia Rawlins, Brittany Yielding
	Authors: Joseph Becker, Cynthia Chu	Disposition Date: 09/11/2007
	Date Submitted: 09/06/2007	Disposition Status: Approved
Effective Date Requested (New): 12/01/2007		Effective Date (New): 12/01/2007
Effective Date Requested (Renewal): 12/01/2007		Effective Date (Renewal): 12/01/2007

General Information

Project Name: Independent Form Filing - Businessowners	Status of Filing in Domicile: Authorized
Project Number: BOP 07-0008	Domicile Status Comments:
Reference Organization:	Reference Number:
Reference Title:	Advisory Org. Circular:
Filing Status Changed: 09/11/2007	
State Status Changed: 09/06/2007	Deemer Date:
Corresponding Filing Tracking Number:	
Filing Description:	
FORM REVISION	

We currently offer a \$10,000 limit for EPLI priced at \$35 per policy, with increased limits available to \$50,000 in all but 6 states. We would like to provide this coverage to our policyholders in your state.

The forms are closely modeled on ISO forms already on file and approved for use. Editorial changes have been made to

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conform the language to our basic policy.

Company and Contact

Filing Contact Information

Joseph S. Becker, CPCU, Filings Analyst josbec@safeco.com
4333 Brooklyn Ave. NE (206) 545-6119 [Phone]
Seattle, WA 98105-9903 (206) 545-3478[FAX]

Filing Company Information

American Economy Insurance Company CoCode: 19690 State of Domicile: Indiana
4333 Brooklyn Ave NE Group Code: 163 Company Type:
Seattle, WA 98105-9903 Group Name: State ID Number:
(206) 545-5000 ext. [Phone] FEIN Number: 35-1044900

Filing Fees

Fee Required? Yes
Fee Amount: \$50.00
Retaliatory? No
Fee Explanation: \$50.00 per filing.
Per Company: No

COMPANY	AMOUNT	DATE PROCESSED	TRANSACTION #
American Economy Insurance Company	\$0.00	09/06/2007	

CHECK NUMBER	CHECK AMOUNT	CHECK DATE
0001382011	\$50.00	09/06/2007

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Correspondence Summary

Dispositions

Status	Created By	Created On	Date Submitted
Approved	Llyweyia Rawlins	09/11/2007	09/11/2007

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Status: Approved
Comment:

Rate data does NOT apply to filing.

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Item Type	Item Name	Item Status	Public Access
Supporting Document	Uniform Transmittal Document-Property & Casualty	Approved	Yes
Supporting Document	Cover Letter	Approved	Yes
Form	Employment Practices Liability Insurance	Approved	Yes
Form	Supplemental Extended Reporting Period Endorsement	Approved	Yes

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Form Schedule

Review Status	Form Name	Form #	Edition Date	Form Type Action	Action Specific Data	Readability	Attachment
Approved	Employment Practices Liability Insurance	BP 81 28	05/02	Policy/Coverage Form		0.00	Form 8128 0502.pdf
Approved	Supplemental Extended Reporting Period Endorsement	BP 81 29	05/02	Endorsement/New Amendment/Conditions		0.00	Form 8129 0502.pdf

EMPLOYMENT PRACTICES LIABILITY INSURANCE

THIS POLICY PROVIDES CLAIMS-MADE AND REPORTED COVERAGE. DEFENSE COSTS APPLY AGAINST THE LIMITS OF INSURANCE AND ARE SUBJECT TO THE DEDUCTIBLE.

PLEASE READ THE ENTIRE FORM CAREFULLY.

PLEASE READ THIS POLICY CAREFULLY TO DETERMINE RIGHTS, DUTIES, COVERAGE AND COVERAGE RESTRICTIONS. WE HAVE ISSUED THIS POLICY BASED UPON YOUR APPLICATION FOR THIS INSURANCE. THE APPLICATION IS A REPRESENTATION OF THE CORRECTNESS OF THE INFORMATION BASED UPON WHICH WE HAVE ISSUED THIS POLICY.

WE HAVE NO DUTY TO PROVIDE COVERAGE UNLESS THERE HAS BEEN FULL COMPLIANCE WITH ALL THE CONDITIONS — SECTION V — OF THIS POLICY.

Throughout this policy the words “you” and “your” refer to the named insured shown in the declarations, and any other person or organization qualifying as a named insured under this policy. The words “we”, “us” and “our” refer to the company providing this insurance. The word “insured” means any person or organization qualifying as such under WHO IS AN INSURED (Section II).

Other words and phrases that appear in quotation marks have special meaning. Refer to DEFINITIONS (Section VII).

SECTION I — COVERAGES EMPLOYMENT PRACTICES LIABILITY

In consideration of the payment of premium and in reliance upon representations you made to us in applying for this insurance and subject to the limits of insurance shown in the declarations, and all the exclusions, terms and conditions of this policy, we agree with you as follows:

1. INSURING AGREEMENT

- a. We will pay on behalf of the insured for “damages” in excess of the deductible arising out of any “employment practices” to which this insurance applies.

We have no obligation under this insurance to make payments or perform acts or services except as provided for in this paragraph and in Item 2. below.

- b. This insurance applies to such “damages” only if:
 - (1) The “damages” result from “claims” made by “employees”, “leased workers”, “temporary workers”, former “employees” or applicants for employment with you;
 - (2) The “employment practices” take place in the “coverage territory”;
 - (3) Such “employment practices” occurred after the retroactive date, if any, shown in the declarations and before the end of the policy period; and
 - (4) A “claim” is both:
 - (a) First made against any insured, in accordance with paragraph c. below, during the policy period or any extended reporting period we provide under Section VI — EXTENDED REPORTING PERIODS; and

(b) Reported to us either (i) during the policy period or within thirty (30) days thereafter, or (ii) with respect to any “claim” first made during any extended reporting period we provide under Section VI — EXTENDED REPORTING PERIODS, during such extended reporting period.

c. A “claim” will be deemed to have been made at the earlier of the following times:

- (1) When notice of such “claim” is received and recorded by you or by us, whichever comes first; or
- (2) When we make settlement in accordance with paragraph 2.a. below.

d. All “claims” for “damages” based on or arising out of:

- (1) One “employment practice”; or
- (2) An interrelated series of “employment practices”

by one or more insureds shall be deemed to be one “claim” and to have been made at the time the first of those “claims” is made against any insured(s).

Each payment we make for “damages” or “defense expense” reduces the amount of insurance available, as provided under SECTION III — LIMITS OF INSURANCE.

2. DEFENSE OF CLAIMS, ADMINISTRATIVE HEARINGS & SETTLEMENT AUTHORITY

a. We have the right and duty to defend “claims” against the insured seeking “damages” to which this insurance applies and to pay for related “defense expense”. However, we have no duty to (i) defend “claims” against the insured seeking “damages,” or (ii) pay for related “defense expense,” when this insurance does not apply. We may:

- (1) At our sole discretion, investigate any “employment practice” that may result in “damages”; and
- (2) Settle any “claim” which may result, provided:
 - (a) We have your written consent to settle; and
 - (b) The settlement is within the applicable limit of insurance available.

Our liability will be limited as described below if: (i) you refuse to consent to any settlement we recommend, and (ii) such recommended settlement is also acceptable to the claimant. When this happens, our liability under this policy for such “claim” shall not exceed the amount we would have paid for “damages” and “defense expense” if you had consented at the time of our recommendation. You shall thereafter negotiate and defend that “claim” at your own cost and without our involvement.

b. Our right and duty to defend such “claims” end when we have used up the limit of insurance available, as provided under SECTION III — LIMITS OF INSURANCE. This applies both to “claims” pending at that time and those filed thereafter.

c. When we control defense of a “claim”, we pay associated “defense expense” and choose a counsel of our choice from the panel of attorneys we have selected to deal with “employment practices” “claims.” If you give us a specific written request at the time a “claim” is first made:

- (1) You may select one of our panel of employment law attorneys; or
- (2) You may ask us to consider the approval of a defense attorney of your choice that is not on our panel.

We will use the panel attorney you selected in (1) above, or consider your request in (2) above, when we deem it appropriate to engage counsel for such “claim.” If by mutual agreement or court order the insured assumes control of such defense before the applicable limit of insurance is used up, we will reimburse the insured for reasonable “defense expense,” subject to the following limitation. If we defend you under a reservation of rights, both your and our counsel(s) will be required to maintain records pertinent to your “defense expenses.” These records will be used to determine the allocation of any “defense expenses” for which you may be solely responsible, including defense of an allegation not covered by this insurance.

In any case, however, we only pay amounts in excess of the deductible and such payments will reduce the limit of insurance available as provided under SECTION III — LIMITS OF INSURANCE.

d. Upon prior notice to us and our approval, the first named insured is authorized to act on behalf of all insureds with respect to the

payment of "damages" in settlement of any administrative hearing or other non-judicial proceeding before the Federal Equal Employment Opportunity Commission, or any similar federal, state or local body or commission. This authorization is limited to (i) "damages" covered by this policy, (ii) "defense expenses" under part d. of the definition of "defense expenses" and (iii) amounts not in excess of two times the amount of the deductible stated in the declarations.

3. EXCLUSIONS

This insurance does not apply to "claims" arising directly or indirectly from any:

- a. (1) "Employment practices" which were the subject of any demand, suit or other proceeding which was initiated against any insured; or
- (2) Facts and circumstances which would cause a reasonable person to believe a "claim" would be made and which were known to any insured,

prior to the effective date of the earlier of (i) the first policy of this type that we issued to you of which this policy was an uninterrupted renewal of this type of coverage, or (ii) this policy.

- b. Breach of any express contract of employment or any express obligation to make payments in the event of termination of employment.
- c. Obligation to pay "damages" by reason of the assumption of liability in any contract or agreement. This exclusion does not apply to liability for "damages" that the insured would have in the absence of the contract or agreement.
- d. Of the following laws:
 - (1) Any workers compensation, disability benefits or unemployment compensation law, or any similar law, provided however, this exclusion shall not apply to any "claim" based upon, arising from, or in consequence of any actual or alleged retaliatory treatment of the claimant by the Insured on account of the claimant's exercise of rights pursuant to any such law;
 - (2) Employees' Retirement Income Security Act of 1974, Public Law 93-406, (E.R.I.S.A.) as now or hereafter amended, or any similar state or other

governmental law. This includes fiduciary liability, liability arising out of the administration of any employee benefit plan and any other liability under any such laws;

- (3) The Fair Labor Standards Act, the National Labor Relations Act of 1938, the Worker Adjustment and Retraining Notification Act (Public Law 100-37991988), the Consolidated Omnibus Budget Reconciliation Act of 1985, or the Occupational Safety and Health Act. This exclusion also applies to any rules or regulations promulgated under any of the foregoing and amendments thereto or any similar provisions of any federal, state or local law, and to that part of any "damages" awarded for the cost or replacement of any insurance benefits due or alleged to be due to any current or former "employee".
- e. Oral or written publication of material, if such material:
 - (1) Was published by or at the direction of the insured with knowledge of the material's falsity; or
 - (2) Was first published before the retroactive date, if any, shown in the declarations.
- f. Dishonest, criminal or fraudulent acts of the insured or the willful failure by the insured or with the insured's consent to comply with any law or any governmental or administrative order or regulation relating to employment practices. Willful means acting with intentional or reckless disregard for such employment related laws, orders or regulations.

The enforcement of this exclusion against any insured under this policy shall not be imputed to any other insured.
- g. "Bodily injury".
- h. "Employment practices" which occur when or after:
 - (1) You file for or are placed in any bankruptcy, receivership, liquidation or reorganization proceeding; or
 - (2) Any other business entity acquires an ownership interest in you which is greater than fifty percent.
- i. Costs of complying with physical modifications to your premises or any changes to your usual business operations as mandated

by the Americans with Disabilities Act of 1990 including any amendment thereto, or any similar federal, state or local law.

- j. Lockout, strike, picket line, related worker replacement(s) or other similar actions resulting from labor disputes or labor negotiations.

SECTION II — WHO IS AN INSURED

1. If you are designated in the declarations as:

- a. An individual, you and your spouse are insureds, but only with respect to the conduct of a business of which you are the sole owner.
- b. A partnership or joint venture, you are an insured. Your current or former members, your partners, and their spouses are also insureds, but only with respect to the conduct of your business.
- c. A limited liability company, you are an insured. Your current or former members are also insureds, but only with respect to the conduct of your business. Your current or former managers are insureds, but only with respect to their duties as your managers.
- d. An organization other than a partnership or joint venture, you are an insured. Your current or former directors are insureds, but only with respect to their duties as your directors.

2. Each of the following is also an insured:

- a. Your current or former “employees” but only for acts within the scope of their employment by you or while performing duties related to the conduct of your business.
- b. Your legal representative if you die, but only with respect to duties as such. That representative will have all your rights and duties under this policy.

3. Any heirs, executors, administrators, assignees or legal representatives of any individual insured above, in the event of the death, bankruptcy or incapacity of such insured, but only to the extent this insurance would have been available to such insured.

4. Any organization you newly acquire or form, other than a partnership or joint venture, and over which you maintain ownership or majority interest, will qualify as a named insured if there is no other similar insurance available to that organization. However:

- a. You must provide us notice of such acquisition or formation within 30 days of the effective date of your acquisition or formation;
- b. Coverage under this provision is afforded only until the 120th day after you acquire or form the organization or the end of the policy period, whichever is earlier;
- c. Coverage does not apply to any “employment practices” that occurred before you acquired or formed the organization; and
- d. You must pay us any additional premium due as a condition precedent to the enforceability of this additional extension of coverage.

This part 4 does not apply to any organization after it is shown in the declarations or added to this policy by endorsement.

No person or organization is an insured with respect to the conduct of any current or past partnership, joint venture or limited liability company that is not shown as a named insured in the declarations.

SECTION III — LIMITS OF INSURANCE

1. The amount of insurance stated as the policy aggregate limit is the most we will pay for the sum of:

- a. All “damages” for all “claims” arising out of any actual or alleged “employment practices” covered by this insurance; and
- b. All “defense expense” for all “claims” seeking “damages” payable under paragraph a. above.

Each payment we make for such “damages” or “defense expenses” reduces the policy aggregate limit by the amount of the payment. The reduced limit will then be the amount of insurance available for further “defense expenses” and “damages” under this policy.

2. Subject to 1. above, the amount of Insurance stated as the each “claim” limit of insurance is the most we will pay in excess of the deductible as further described in SECTION IV — DEDUCTIBLE for the sum of:

- a. All “damages” for injury arising from “employment practices” covered by this insurance arising out of one “claim”, whether such “claim” is brought by one or more claimants; and
- b. All “defense expense” associated with that specific “claim” in item 2.a. immediately preceding.

3. In addition to the payments for “damages” and “defense expense” in paragraphs 1. and 2. above, we will also pay all interest on the full amount of any judgment that accrues after entry of the judgment and before we have paid, offered to pay, or deposited in court the amount available for the judgment under the provisions of paragraphs 1. and 2. above.

These limits of insurance apply separately to each consecutive annual period and to any remaining period of less than 12 months, starting with the beginning of the policy period shown in the declarations, unless the policy period is extended after issuance for an additional period of less than 12 months. In that case, the additional period will be deemed part of the last preceding period for purposes of determining the limits of insurance.

4. Transfer Of Duties When Limit Of Insurance Is Used Up

- a. If we conclude that, based on “claims” which have been reported to us and to which this insurance may apply, the Aggregate or Each Claim limit of insurance is likely to be used up in the payment of judgments or settlements for damages or the payment of “defense expenses”, we will notify the first Named Insured, in writing, to that effect.
- b. When the Aggregate or Each Claim limit of insurance has actually been used up in the payment of judgments or settlements for damages or the payment of “defense expenses”, we will:
 - (1) Notify the first Named Insured in writing, as soon as practicable, that such a limit has actually been used up and that our duty to defend the insured against “claims” seeking damages subject to that limit has also ended;
 - (2) Initiate, and cooperate in, the transfer of control, to any appropriate insured, of all “claims” for which the duty to defend has ended for the reason described in Paragraph **b.(1)** above and which are reported to us before that duty to defend ended; and
 - (3) Take such steps, as we deem appropriate, to avoid a default in, or continue the defense of, such “claims” until such transfer is completed, provided the appropriate insured is cooperating in completing such transfer.

SECTION IV — DEDUCTIBLE

1. A deductible applies to all “damages” for injury arising from “employment practices” and any “defense expense” however caused.
2. Our obligation under this employment practices liability insurance to pay “damages” and “defense expense” on behalf of any insured applies only to the sum of the amount of “damages” and “defense expense” each “claim” which are in excess of the deductible amount stated in the declarations.
3. Your obligation is to pay that deductible which is applicable to each “claim” made against this insurance. That deductible applies to the sum of all “damages” because of injury arising from “employment practices” paid for each “claim” and applicable “defense expense” associated therewith. If there should be no “damages” paid for a “claim”, you are still obligated to pay the applicable deductible for any “defense expense” incurred by us in connection with that “claim”.
4. The terms of this insurance apply irrespective of the application of the deductible, including those with respect to:
 - a. Our right and duty to defend any “claims” seeking those “damages”; and
 - b. Your duties in the event of a “claim”.
5. We may pay any part or all of the deductible to effect settlement of any “claim” and, upon notification of the action taken, you shall promptly reimburse us for such part of the deductible as we may have paid for “damages” or “defense expense”.
6. The application of the deductible does not erode the limits of insurance provided.

SECTION V — CONDITIONS

1. **Bankruptcy** Subject to exclusion h., the bankruptcy or insolvency of the insured or of the insured’s estate will not relieve us of our obligations under this policy.
2. **Cancellation**
 - a. The first named insured shown in the declarations may cancel this policy by mailing or delivering to us written advance notice of cancellation.

- b. We may cancel this policy by mailing or delivering to the first named insured written notice of cancellation at least:
 - (1) 10 days before the effective date of cancellation if we cancel for nonpayment of premium; or
 - (2) 30 days before the effective date of cancellation if we cancel for any other reason.
 - c. We will mail or deliver our notice to the first named insured's last mailing address known to us.
 - d. Notice of cancellation will state the effective date of cancellation. The policy period will end on that date.
 - e. If this policy is canceled, we will send the first named insured any premium refund due. If we cancel, the refund will be pro rata. If the first named insured cancels, the refund may be less than pro rata. The cancellation will be effective even if we have not made or offered a refund.
 - f. If notice is mailed, proof of mailing will be sufficient proof of notice.
3. **Changes** This policy contains all agreements between you and us concerning the insurance afforded. The first named insured shown in the declarations is authorized to make changes in the terms of this policy with our consent. This policy's terms can be amended or waived only by endorsement issued by us and made a part of this policy.

4. **Duties in Event of "Employment Practices" or "Claims"**

- a. You must see to it that we are notified as soon as practicable of any specific "employment practices" which you believe may result in an actual "claim". Your belief must be reasonably certain as the result of specific allegations made by a potential claimant or such potential claimant's representative, or as the result of specifically identifiable injury sustained by a potential claimant. To the extent possible, notice should include:
 - (1) How, when and where such "employment practices" took place;
 - (2) The names and addresses of any potential claimants and witnesses; and
 - (3) The nature of any injury arising out of such "employment practices".

Notice of such "employment practices" is not notice of a "claim", but preserves any insured's rights to future coverage for subsequent "claims" arising out of such "employment practices" as described in the Basic Extended Reporting Period of Section VI — EXTENDED REPORTING PERIODS.

- b. If a "claim" is received by any insured:
 - (1) You must immediately record the specifics of the "claim" and the date received;
 - (2) You and any other involved insured must see to it that we receive written notice of the "claim", as soon as practicable, but in any event we must receive notice either:
 - (a) During the policy period or within thirty (30) days thereafter; or
 - (b) With respect to any "claim" first made during any extended reporting period we provide under Section VI — EXTENDED REPORTING PERIODS, during such extended reporting period,

as a condition precedent for coverage under this insurance. Such notice must provide us with the same information as is required in item a. immediately preceding; and
 - (3) You and any other involved insured must:
 - (a) Immediately send us copies of any demands, notices, summonses or legal papers received in connection with the "claim";
 - (b) Authorize us to obtain records and other information;
 - (c) Cooperate with us in the investigation, settlement or defense of the "claim"; and
 - (d) Assist us, upon our request, in the enforcement of any right against any person or organization which may be liable to the insured because of injury or damage to which this insurance may also apply.
- c. No insureds will, except at their own cost, voluntarily make a payment, assume any obligation, or incur any expense without our consent, other than those specific payments authorized under Section I item 2.d. — DEFENSE OF CLAIMS, ADMINISTRATIVE HEARINGS & SETTLEMENT AUTHORITY.

5. Examination of Your Books and Records We may examine and audit your books and records as they relate to this policy at any time during the policy period and up to three years afterward.

6. Inspections and Surveys We have the right but are not obligated to:

- a. Make inspections and surveys at any time;
- b. Give you reports on the employment conditions we find; and
- c. Recommend procedures, guidelines and changes.

Any inspections, surveys, reports or recommendations relate only to insurability and the premiums to be charged. We do not undertake to perform the duty of any person or organization to provide for the health or safety of, or lawful practices with your workers or the public. We do not warrant that conditions:

- (i) Are safe or healthful; or
- (ii) Comply with laws, regulations, codes or standards as they relate to the purpose of this or any other insurance.

This condition applies not only to us, but also to any rating, advisory, rate service or similar organization which makes insurance inspections, surveys, reports or recommendations, on our behalf.

7. Legal Action Against Us No person or organization has a right under this policy:

- a. To join us as a party or otherwise bring us into a "claim" seeking "damages" from any insured; or
- b. To sue us on this policy unless all of its terms have been fully complied with.

A person or organization may sue us to recover on an agreed settlement or on a final judgment against an insured obtained after an actual trial; but we will not be liable for "damages" that are not payable under the terms of this policy or that are in excess of the applicable limit of insurance. An agreed settlement means a settlement and release of liability signed by us, the insured and the claimant or the claimant's legal representative.

8. Other Insurance If other valid and collectible insurance is available to the insured for "damages" or "defense expense" we cover under this Policy, our obligations are limited as follows:

- a. As this insurance is primary insurance, our obligations are not affected unless any of the

other insurance is also primary. Then, we will share with all that other insurance by the method described in b. below.

- b. If all of the other insurance permits contribution by equal shares, we will follow this method also. Under this approach each insurer contributes equal amounts until it has paid its applicable limit of insurance or none of the loss remains, whichever comes first.

If any of the other insurance does not permit contribution by equal shares, we will contribute by limits. Under this method, each insurer's share is based on the ratio of its applicable limit of insurance to the total applicable limits of insurance of all insurers.

9. Payment of Premiums, Deductibles and Coinsurance Amounts

- a. We will compute all premiums for this insurance in accordance with our rules and rates; and
- b. The first named insured shown in the declarations is responsible for the payment of all premiums, deductibles and coinsurance payments due and will be the payee for any return premiums we pay.

10. Representations By accepting the policy, you agree:

- a. The statements in the declarations are accurate and complete;
- b. Those statements are based upon representations you made to us in your application for this insurance. That application is incorporated into this policy and forms the basis of our obligations under this policy; and
- c. Since we have issued this policy in reliance upon your representations, this policy is voidable if any material fact or circumstance relating to the subject of this insurance is omitted or misrepresented in your application.

11. Separation Of Insureds Except with respect to the limits of insurance, and any rights or duties specifically assigned in this policy to the first named insured, this insurance applies:

- a. As if each named insured were the only named insured; and
- b. Separately to each insured against whom "claim" is made.

12. Sole Agent The first named insured is authorized to act on behalf of all insureds as respects the giving or receiving of notice of cancellation

or nonrenewal, receiving premium refunds, requesting any supplemental extended reporting period and agreeing to any changes in this policy.

- 13. Transfer Of Rights Of Recovery Against Others** If the insured has rights to recover all or part of any payment we have made under this policy, those rights are transferred to us. The insured must do nothing after loss to impair them. At our request, the insured will sue those responsible or transfer those rights to us and help us enforce them.
- 14. Transfer of Your Rights and Duties Under This Policy** Your rights and duties under this policy may not be transferred without our written consent.
- 15. When We Do Not Renew** If we decide not to renew this insurance, we will mail or deliver to the first named insured shown in the declarations written notice of the nonrenewal not less than 30 days before the expiration date. If notice is mailed, proof of mailing will be sufficient proof of notice.

SECTION VI — EXTENDED REPORTING PERIODS

1. We will provide extended reporting periods, as described below, if:
 - a. This policy is canceled or not renewed; or
 - b. We renew or replace this policy with insurance that:
 - (1) Has a retroactive date later than the date shown in the declarations of this policy; or
 - (2) Does not apply on a claims-made basis.
2. Extended reporting periods do not extend the policy period or change the scope of coverage provided. They apply only to “claims” as the result of “employment practices” which occurred after the retroactive date, if any, shown in the declarations and before the end of the policy period. Once in effect, extended reporting periods may not be canceled.
3. Extended reporting periods do not reinstate or increase the limits of insurance.
4. A Basic Extended Reporting Period is automatically provided without additional charge. This period starts with the end of the policy period and lasts for:
 - a. Five years with respect to “claims” arising out of “employment practices” which had

been properly reported to us during the policy period in accordance with paragraph 4.a. of Duties in the Event of “Employment Practices” or “Claims”, in CONDITIONS (Section V); and

- b. Sixty days with respect to “claims” arising from “employment practices” not previously reported to us.

The Basic Extended Reporting Period does not apply to “claims” that are covered under any subsequent insurance you purchase, or that would be covered but for exhaustion of the amount of insurance applicable to such claims.

5. A Supplemental Extended Reporting Period of thirty six (36) months but only by an endorsement and for an extra charge. This supplemental period starts when the Basic Extended Reporting Period, set forth in paragraph 4.b. above, ends. You must give us a written request for the endorsement within 60 days after the end of the policy period. The Supplemental Extended Reporting Period will not go into effect unless you pay the additional premium when due. We will determine the additional premium in accordance with our rules and rates. In doing so, we may take into account the following:

- a. The exposures insured;
- b. Previous types and amounts of insurance;
- c. Limits of insurance available under this policy for future payment of “damages”; and
- d. Other related factors.

The additional premium will not exceed 200% of the annual premium for this Policy.

6. The Supplemental Extended Reporting Period endorsement we issue shall set forth the terms, not inconsistent with this section, applicable to the Supplemental Extended Reporting Period, including a provision to the effect that the insurance afforded for “claims” first received during such period is excess over any other valid and collectible insurance available under policies in force after the Supplemental Extended Reporting Period begins.

SECTION VII — DEFINITIONS

1. “**Bodily injury**” means physical injury to the body, sickness or disease sustained by a person as the result of direct physical injury to the body, including death resulting from any of these at any time. “Bodily injury” does not include mental anguish that results from an “employment practice”.

2. **“Claim”** means written or oral notice presented by:

- a. Any “employee”, “leased worker”, “temporary worker”, former “employee” or applicant for employment by you; or
- b. The EEOC or any other federal, state or local administrative or regulatory agency on behalf of such person in item a. immediately preceding.

that the insured is responsible for “damages” as a result of injury arising out of any “employment practices”.

“Claim” includes any civil proceeding in which either “damages” are alleged or fact finding will take place, when either is the actual or alleged result of any “employment practice” to which this insurance applies. This includes:

- (i) An arbitration proceeding in which such “damages” are claimed and to which the insured submits with our consent;
- (ii) Any other alternative dispute resolution proceeding in which such “damages” are claimed and to which the insured submits with our consent; or
- (iii) Any administrative proceedings established under applicable federal, state or local laws as may be applicable to “employment practices” covered under this insurance.

3. **“Coverage territory”** means:

- a. The United States of America (including its territories and possessions) and Puerto Rico; or
- b. Anywhere in the world with respect to the activities of a person whose place of employment is in the territory described in a. above, while he or she is away for a short time on your business;

provided that the insured’s responsibility to pay “damages” is determined in a suit (or in any other type of civil proceeding as described under the definition of “claim”) on the merits in, and under the substantive law of, the United States of America (including its territories and possessions) or Puerto Rico.

4. **“Damages”** means monetary amounts to which this insurance applies and which the insured is legally obligated to pay as judgments, awards and settlements to which we have agreed in writing. “Damages” include (i) “prejudgment interest” awarded against the insured on the part of the judgment we pay and (ii) to the extent

allowed by law, any portion of a judgment or award that represents a multiple of the compensatory amounts or punitive or exemplary damages.

“Damages” do not include:

- a. Civil, criminal, administrative or other fines or penalties;
- b. Equitable relief, injunctive relief, declarative relief or any other relief or recovery other than monetary amounts; or
- c. Judgments or awards because of acts deemed uninsurable by law.

5. **“Defense expense”** means payments allocated to a specific “claim” for its investigation, settlement, or defense, including:

- a. Attorney fees and all other litigation expenses.
- b. The cost of bonds to appeal a judgment or award in any “claim” we defend. We do not have to furnish these bonds.
- c. The cost of bonds to release attachments, but only for bond amounts within the amount of insurance available. We do not have to furnish these bonds.
- d. Reasonable expenses incurred by the insured at our request to assist us in the investigation or defense of any “claim”, including actual loss of earnings up to \$250 a day because of time off from work.
- e. Costs taxed against the insured in the “claim”.

“Defense expense” does not include:

- i. Salaries and expenses of our employees or your “employees”, other than:
 - (a) That portion of our employed attorneys’ fees, salaries and expenses allocated to a specific “claim” for the defense of the insured; and
 - (b) The expenses described in d. above; and
- ii. Interest on the full amount of any judgment that accrues after entry of the judgment and before we have paid, offered to pay, or deposited in court the amount available for the judgment under the provisions of SECTION III — LIMITS OF INSURANCE.

6. **“Employee”** means a person (i) employed by you for wages or salary, or (ii) who is a current or former member of your board of directors. But

“employee” does not include any independent contractor, any employees of any independent contractor while acting within the scope of their employment, any “leased worker” or any “temporary worker”.

7. **“Employment Practices”** means any of the following practices (i) which are directed against any of your “employees,” “leased workers,” “temporary workers,” former “employees” or any applicant for employment by you, and (ii) for which remedy is sought under any federal, state, or local statutory or common civil employment law:

- a. Wrongful refusal to employ a qualified applicant for employment;
- b. Wrongful failure to promote a qualified “employee”;
- c. Wrongful demotion, negligent evaluation, negligent reassignment or wrongful discipline;
- d. Wrongful termination of employment, including retaliatory or constructive discharge;
- e. Harassment, coercion, discrimination or humiliation as a consequence of race, color, creed, national origin, marital status, medical

condition, gender, age, physical appearance, physical and/or mental impairments, pregnancy, sexual orientation or sexual preference; or

- f. Oral or written publication of material that slanders, defames or libels an “employee” or violates or invades an “employee’s” right of privacy.

8. **“Leased worker”** means a person leased to you by a labor leasing firm under an agreement between you and the labor leasing firm, to perform duties related to the conduct of your business. “Leased worker” does not include a “temporary worker”.

9. **“Pre-judgment interest”** means interest added to a settlement, verdict, award or judgment based on the amount of time prior to the settlement, verdict, award or judgment, whether or not made part of the settlement, verdict, award or judgment.

10. **“Temporary worker”** means a person who is furnished to you to substitute for a permanent “employee” on leave or to meet seasonal or short-term workload conditions.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

SUPPLEMENTAL EXTENDED REPORTING PERIOD ENDORSEMENT

This endorsement modifies insurance provided under the following:

EMPLOYMENT PRACTICES LIABILITY INSURANCE

SCHEDULE

Premium !!!!!!!!!

- A.** A Supplemental Extended Reporting Period endorsement is provided, as described in EXTENDED REPORTING PERIODS (SECTION VI).
- B.** The remaining Limits of Insurance, as described in LIMITS OF INSURANCE (SECTION III) of this policy, apply to the Supplemental Extended Reporting Period. These limits are not reinstated or increased for the Supplemental Extended Reporting Period.
- C.** The Other Insurance Condition (Paragraph 8. Of SECTION V — CONDITIONS) is replaced with the following:

If other valid and collectible insurance is available to the insured for “damages” or “defense expense” we cover under this policy, our obligations are limited as follows:
 - a.** As this insurance is primary insurance, other than when b. below applies, our obligations are not affected unless any of the other insurance is also primary. Then, we will share with all that other insurance by the method described in c. below.
 - b.** Insurance provided under any Supplemental Extended Reporting Endorsement is excess over any of the other insurance, whether primary, excess, contingent or on any other basis, whose policy period begins or continues after the Supplemental Extended Reporting Period begins.
 - c.** If all of the other insurance permits contribution by equal shares, we will follow this method also. Under this approach, each insurer contributes equal amounts until it has paid its applicable limit of insurance or none of the loss remains, whichever comes first.

If any of the other insurance does not permit contribution by equal shares, we will contribute by limits. Under this method, each insurer’s share is based on the ratio of its applicable limit of insurance to the total applicable limits of insurance of all insurers.
- D.** This endorsement will not take effect unless the additional premium for it, as set forth in Section VI is paid when due. If that premium is paid when due, this endorsement may not be canceled.

<i>SERFF Tracking Number:</i>	<i>SAFC-125283261</i>	<i>State:</i>	<i>Arkansas</i>
<i>Filing Company:</i>	<i>American Economy Insurance Company</i>	<i>State Tracking Number:</i>	<i>AR-PC-07-026014</i>
<i>Company Tracking Number:</i>	<i>07-0008</i>		
<i>TOI:</i>	<i>05.2 Commercial Multi-Peril - Liability Portion</i>	<i>Sub-TOI:</i>	<i>05.2002 Businessowners</i>
	<i>Only</i>		
<i>Product Name:</i>	<i>BOP 07-0008</i>		
<i>Project Name/Number:</i>	<i>Independent Form Filing - Businessowners/BOP 07-0008</i>		

Rate Information

Rate data does NOT apply to filing.

SERFF Tracking Number: SAFC-125283261 State: Arkansas
Filing Company: American Economy Insurance Company State Tracking Number: AR-PC-07-026014
Company Tracking Number: 07-0008
TOI: 05.2 Commercial Multi-Peril - Liability Portion Sub-TOI: 05.2002 Businessowners
Only
Product Name: BOP 07-0008
Project Name/Number: Independent Form Filing - Businessowners/BOP 07-0008

Supporting Document Schedules

Satisfied -Name: Uniform Transmittal Document-
Property & Casualty
Review Status: Approved 09/11/2007
Comments:
Attachment:
AR_PCTD and FFS.pdf

Satisfied -Name: Cover Letter
Review Status: Approved 09/11/2007
Comments:
Attachment:
ltr-form.pdf

Property & Casualty Transmittal Document

1. Reserved for Insurance Dept. Use Only


2. Insurance Department Use only	
a. Date the filing is received:	
b. Analyst:	
c. Disposition:	
d. Date of disposition of the filing:	
e. Effective date of filing:	
New Business	
Renewal Business	
f. State Filing #:	
g. SERFF Filing #:	
h. Subject Codes	

3. Group Name	Group NAIC #
Safeco Group	163

4. Company Name(s)	Domicile	NAIC #	FEIN #
American Economy Insurance Company	IN	19690	35-1044900

5. Company Tracking Number	07-0008
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Contact Info of Filer(s) or Corporate Officer(s) [include toll-free number]

6. Name and address	Title	Telephone #s	FAX #	e-mail
Joseph S. Becker, CPCU	Commercial Lines Analyst	206-545-6119	206-545-3478	josbec@safeco.com
Safeco Plaza, State Filings C-2 Seattle, WA 98185				
7. Signature of authorized filer				
8. Please print name of authorized filer	Joseph S. Becker, CPCU			

Filing information (see General Instructions for descriptions of these fields)

9. Type of Insurance (TOI)	5.2
10. Sub-Type of Insurance (Sub-TOI)	5.2002
11. State Specific Product code(s)(if applicable)[See State Specific Requirements]	
12. Company Program Title (Marketing title)	
13. Filing Type	<input type="checkbox"/> Rate/Loss Cost <input type="checkbox"/> Rules <input type="checkbox"/> Rates/Rules <input checked="" type="checkbox"/> Forms <input type="checkbox"/> Combination Rates/Rules/Forms <input type="checkbox"/> Withdrawal <input type="checkbox"/> Other (give description)
14. Effective Date(s) Requested	New: December 1, 2007 Renewal: December 1, 2007
15. Reference Filing?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
16. Reference Organization (if applicable)	N/A
17. Reference Organization # & Title	N/A
18. Company's Date of Filing	September 6, 2007
19. Status of filing in domicile	<input type="checkbox"/> Not Filed <input type="checkbox"/> Pending <input checked="" type="checkbox"/> Authorized <input type="checkbox"/> Disapproved

Property & Casualty Transmittal Document—

20.	This filing transmittal is part of Company Tracking #	07-0008
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21.	Filing Description [This area can be used in lieu of a cover letter or filing memorandum and is free-form text]
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With this filing, the indicated company proposes to revise rates/rules as follows:

Submitting:	Replacing:
BP 81 28 05 02 Employment Practices Liability Insurance	New
BP 81 29 05 02 Supplemental Extended Reporting Period Endt.	New

FORM REVISION

We currently offer a \$10,000 limit for EPLI priced at \$35 per policy, with increased limits available to \$50,000 in all but 6 states. We would like to provide this coverage to our policyholders in your state.

The forms are closely modeled on ISO forms already on file and approved for use. Editorial changes have been made to conform the language to our basic policy.

22.	Filing Fees (Filer must provide check # and fee amount if applicable) [If a state requires you to show how you calculated your filing fees, place that calculation below]
 Check #: 0001382011 Amount: \$50.00 Refer to each state's checklist for additional state specific requirements or instructions on calculating fees.	

***Refer to the each state's checklist for additional state specific requirements (i.e. # of additional copies required, other state specific forms, etc.)

PC TD-1 pg 2 of 2

FORM FILING SCHEDULE(This form must be provided **ONLY** when making a filing that includes forms)(Do **not** refer to the body of the filing for the forms listing, unless allowed by state.)

1.	This filing transmittal is part of Company Tracking #	07-0008
2.	This filing corresponds to rate/rule filing number (Company tracking number of rate/rule filing, if applicable)	N/A

3.	Form Name /Description/Synopsis	Form # Include edition date	Replacement Or withdrawn?	If replacement, give form # it replaces	Previous state filing number, if required by state
01	Employment Practices Liability Insurance	BP 81 28 05/02	<input checked="" type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn		
02	Supplemental Extended Reporting Period Endorsement	BP 81 29 05/02	<input checked="" type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn		
03			<input type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn		
04			<input type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn		
05			<input type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn		
06			<input type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn		
07			<input type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn		
08			<input type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn		
09			<input type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn		
10			<input type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn		



Safeco Property & Casualty
Insurance Companies
Safeco Plaza
Seattle, WA 98185-0001

Phone: (206) 545-5000
www.safeco.com

September 6, 2007

Arkansas Insurance Department
1200 West Third Street
Little Rock, Arkansas 72201-1904

RE: Independent Form Filing -Businessowners
Division 9 - Multiple Lines, 5.1 and 5.2
American Economy Insurance Company NAIC # 163-19690
Safeco Businessowners Policy Programs
FEIN # 35-1044900
Company File # 07-0008
Proposed Effective Date: December 1, 2007

With this filing, the indicated company proposes to revise rates/rules as follows:

Submitting:

BP 81 28 05 02 Employment Practices Liability Insurance
BP 81 29 05 02 Supplemental Extended Reporting Period Endt.

Replacing:

New
New

FORM REVISION

We currently offer a \$10,000 limit for EPLI priced at \$35 per policy, with increased limits available to \$50,000 in all but 6 states. We would like to provide this coverage to our policyholders in your state.

The forms are closely modeled on ISO forms already on file and approved for use. Editorial changes have been made to conform the language to our basic policy.

We feel the filing merits your approval and will benefit our customers in your state.

We propose implementing this filing for all policies written on or after December 1, 2007.

Sincerely

Joseph S. Becker, CPCU
Commercial Lines Analyst
State Filings Department (C-2)
(206) 545-6119
FAX (206) 545-3478
josbec@safeco.com
JB/cc